

Merchant Protection Program

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Introduction

This document outlines Klarna's program for protecting Merchants (**you**) from fraudulent disputes or chargebacks. The **Merchant Protection Program** protects you from the unpredictability of disputes in payments. If you face certain Customer claims, Klarna will enable you to retain the full purchase amount of the transaction for eligible orders, per the terms outlined in this document (**Merchant Protection Program**). There is no limit or cap on the number of orders for which you can receive coverage.

Definitions used in the Merchant Protection Program shall have the same meaning as used in either (a) the Cooperation Agreement between you and Klarna, or (b) in the User Terms, if Klarna's services are included in the services provided to you by a payment service provider.

Klarna reserves the right to change these Merchant Protection Program at any time.

The Merchant Protection Program may provide protection for you in relation to Claims where the following Customer claims are made:

- **Item not received**

Customer alleges to Klarna in relation to an order, or part of an order, that the item(s) purchased have not been received from the Merchant.

- **Significant deviation**

Customer alleges to Klarna that the order received significantly deviates from what was ordered.

- **Unauthorized transaction**

Customer alleges to Klarna that an order has not been placed by such Customer.

The situations described above are hereinafter referred to as **Customer Claim(s)**.

1. General Requirements

For a Customer Claim to be eligible for the Merchant Protection Program, all of the following requirements (**General Requirements**) must be met, as well as any applicable additional requirements related to specific items or Customer Claims, as set out in Section 2-5 below.

- 1.1. You have provided proof of delivery which meet the requirements set out in [Annex 1 \(Proof of Delivery\)](#); and
- 1.2. You have provided an answer which meets the requirements set out in the [Section 6 \(Significant deviation\)](#); and
- 1.3. You have either (i) shipped the ordered item(s) to the Customer's shipping address, as approved by Klarna at time of purchase; or (ii) handed out the goods in accordance with the requirements set out in [Section 4 \(Additional requirements for Buy online, pick up In-store\)](#) or [Section 5 \(Additional requirements for Pick up In-store\)](#). For clarity, the Merchant Protection Program does not apply for goods which have been originally shipped to the Customer's shipping address, but later been redirected to a different shipping address;

EXCEPTION :

- 1.3.1. If the shipping carrier tries to deliver to the original shipping address but fails to do so, they are entitled to take it to their pickup point for collection (within 10km of the original shipping address); and
 - 1.3.2. If a Customer requests the re-direction of the package to a designated pickup location (within 10km of the original shipping address) directly from the carrier.
 - 1.4. You have responded to Klarna's requests for documentation and other necessary order related information by the deadline set in Klarna's correspondence with you. If you do not respond to Klarna's requests within the time requested, the Merchant Protection Program will not apply in relation to such Customer Claim(s); and
- IMPORTANT: Responses requiring more time will not be considered as valid. A valid response includes the information requested within the deadline
- 1.5. The order must have been approved by Klarna at time of purchase

2. Guidelines

The section below includes guidelines for how Klarna expects you to act upon any Customer Claim(s) you may receive to ensure smoothness of the dispute process for both you and the Customer.

- 2.1. You capture the order only when it was shipped to the Customer, and;
- 2.2. You upon charging the Customer a fee for uncollected goods have it clearly stated in your terms and condition before purchase and it is not equal or exceeds the order value, and;
- 2.3. You fully refund the Customer if nothing about uncollected goods are included in the terms and conditions. If this is not included in the Terms and Conditions, then the Customer is entitled for a full refund, and;
- 2.4. You fully refund the Customer's shipping cost if you fail to deliver the order on time when the Customer paid extra for an express delivery with guaranteed delivery date, and;

- 2.5. You fully refund the Customer if the parcel has not reached them and they have not had an opportunity to pick up the order. Klarna defines a package as being lost in transit when there is no movement on the tracking for 2 weeks for domestic orders and 30 days for international orders. In such cases you must provide a refund, and;
- 2.6. You store the proof of deliveries 270 days after the activation date, and;
- 2.7. You have a working website with a live URL that does not redirect to another website, and;
- 2.8. You display your Return Policy, Shipping Policy and Estimated Delivery Time on the website, and;
- 2.9. You have the return address visible on your website / a transparent return process in place in accordance with the information obligations originating from the [European Consumer Rights Directive](#).

Klarna determines, in its reasonable discretion, whether the contested Customer Claim(s) qualifies for the Merchant Protection Program. Klarna will make a decision, based on the coverage and eligibility requirements, any information or documentation provided during the resolution process, and/or any other information Klarna deems relevant and appropriate under the circumstances.

3. Additional requirements for Intangible Goods

For Customer Claim(s) related to sales of intangible goods to be eligible for Klarna's Merchant Protection Program, the sale must meet the [General Requirements](#) as set out in Section 1, and the following additional requirements:

The Merchant must have complied with any integration requirements provided by Klarna;

- 3.1. For the sale of intangible goods like digital goods or licenses for digital content to be eligible for the Merchant Protection Program the Merchant must provide proof of consumption of the goods AND/OR delivery of the digital product to the Customer - e.g. email delivery, login data.
- 3.2. For unauthorized purchases both consumption and delivery are mandatory. In case the Merchant can not prove consumption of a service due to the

departure/event/start date has not passed yet, the Merchant shall cancel the purchase and provide a refund on the statement.

3.3. Travel ticket specifics:

3.3.1. Only Customer Claim(s) regarding goods not received and unauthorized purchases are covered by the Merchant Protection Program.

3.3.2. The Merchant has to provide Extra Merchant Data.

4. Additional requirements for Buy online, pick up in-store

For a Customer Claim for Buy online, pick up in-store to be eligible for Klarna's Merchant Protection Program when distributing products and services in physical stores, the Merchant must meet the [General Requirements](#) set out in Section 1, and the following additional requirements:

- 4.1. Goods may only be distributed to the Customer or to a person authorized by the Customer;
- 4.2. The Merchant shall verify the ID of both the Customer, and, as the case may be, recipient of the goods;
- 4.3. The Merchant must provide proof of customer pick up with the customer's name, date and time of pick up, and the list of items collected.
- 4.4. The Merchant has to collaborate with us by providing the necessary data points either via Extra Merchant Data or sending information in case of a dispute for identifying Buy online and pick up in-store orders which is including evidence that the purchase was completed and the Customer received their goods
- 4.5. If the Customer is a company, the recipient of the goods shall present a power of attorney evidencing that such person is authorized to pick up the goods and a copy of such power of attorney shall be made and stored for at least nine (9) months.

5. Additional requirements for Pick up In-store

In the event that an order is placed using the Klarna in-store payment solution* aimed for sales within a physical store and the Customer receives the goods instantly, the additional requirements set out in this Section 5 do not need to be fulfilled.

For the Merchant Protection Program to apply, the merchant needs to clearly state the dispute concerns an In-store order, and disclose details of the successful transaction as well as a merchant copy of the receipt.

* With 'Klarna in-store payment solution' in this context we refer to any of Klarna's in-store solutions, including but not limited to the QR, Klarna Point of Sale or Payment Link.

6. Significant deviation

Customer alleges to Klarna that the order received significantly deviates from what was ordered. The significant deviation request is seen as valid and will be forwarded to you if:

- The item is significantly different from your description;
- The Customer received a completely different item;
- The condition of the item was misrepresented;
- The item was advertised as authentic but is not authentic (counterfeit);
- The item is missing parts or features;
- The item was damaged during shipment;
- The item is unusable in its received state and was not disclosed as such.

When a reasonable solution in relation to the deviation of the product has been initiated to the Customers for the above claims, or you provide evidence to prove the Customer's claim is invalid, they will be held accountable for payment.

Examples of reasonable solution in relation to the deviation of the product:

- Parts being sent out to the Customer making the order complete;
- Compensation offered for a product that is working but does not fully match its description;
- Repair services offered to fix the deviation;
- Offer or schedule a return for a refund;

Example of not reasonable solutions in relation to the deviation:

- Compensation in form of a gift voucher when the Customer explicitly requested a return.
- Return instructions that include return costs for the Customer
- Negotiating a discount when the Customer wants to return.

You are protected from the following claims:

- The defect in the purchased goods was correctly described by you in its description of the item. For example: The phone the Customer bought has a broken screen which was highlighted in your description;
- The ordered food that does not match the Customer's personal expectations but does match common requirements. For example: The ice cream is not as creamy as the Customer expected it to be. The burger does not look exactly like the advertised picture;
- The quality of the product does not match the Customer's expectations but is aligned with the price they paid. For example: They bought a \$50 dress and expected the same quality in material as a \$500 dress;
- The Customer ordered the wrong colour or material for a 'made-to-order' item
- The product is not working as well as the Customer expected. For example: They bought a TV, but the screen resolution is not as high as they expected. It does however match the store's description;
- The product has minor scratches and was described as 'used' prior to purchase. For example: The Customer purchased a 'used' table that has some scratches;

- A compensation is offered, and Klarna considers the compensation to be reasonable but the Customer is not accepting the compensation.

IMPORTANT: Klarna will decide, in its reasonable discretion, based on evidence provided by the Customer and you, whether we hold the claim of faulty goods to be valid or not.

- If an agreement has not been reached within 21 days since the first contact from Klarna with the merchant once the dispute has been escalated, and the order is considered to be significantly deviating based on the requirements above, the decision of compensation will be taken by Klarna;
- Orders considered to deviate significantly and are asked to be returned - shipping is to be covered in full by you;
- If the compensation offered is either not reasonable or the Customer does not accept it - you shall offer a free return to either replace, repair or refund the Customer.

Annex

Establishing valid Proof of Delivery

Merchants must provide a proof of delivery document provided from the shipping carrier

Physical Goods

The following is mandatory to provide as proof of delivery for physical goods:

- Date of delivery (YYYY-MM-DD) and delivery status; and
- An address for the recipient showing the city/province, city/country, postal/zip code (or international equivalent), street name & number. The address needs to match the shipping address approved at the point of checkout; and
- Full name of the person who ordered the goods that matches the person's name approved at the point of checkout; and
- Full name of the recipient that the order was delivered to. For contactless* deliveries, a recipient name is not required, and
- Tracking ID for the shipment of the last mile carrier.

Signature* of receiver for disputes above 750 USD (or equivalent)

Required if:

- An order is split into multiple shipments and one single shipment has a value above 750 USD (or equivalent)

Not required if:

- An order is split into multiple shipments but none of the shipments have a value above 750 USD (or equivalent).

* In countries with BankID or identification with ID this is treated as equivalent to a signature. The proof of delivery must clearly show that the Customer has identified themselves with BankID or ID.

You are protected from the following claims and will not be held accountable if:

- The proof of delivery clearly shows the Customer has received the goods accordingly with the mandatory requirements above; or,
- The proof of delivery clearly shows the order has been delivered according to agreed terms & conditions accordingly with the mandatory requirements above, or;
- The Customer did not pick up a customized / non refundable order when they were notified.

IMPORTANT: Your choice of carrier and shipment options with that carrier can have a big impact on your ability to meet the proof of delivery requirements. Please ensure, especially when shipping goods internationally, that your carrier can provide 'delivered' status at the correct address and any additional proof, or the claim may not be eligible for the Merchant Protection Program.

If it is not possible to provide evidence in one document, Klarna will accept a combination of documents with mandatory information. Additional information that will be recognised by Klarna can include a screenshot of a Merchant system, delivery company screenshots, etc.

*Under contactless delivery in this context we understand a delivery where there is no contact between the delivery company and the consumer (i.e. Storage box delivery or delivery into the mailbox)

Pick up points:

- Proof of delivery needs to show that the package was collected from a pick up point.
- If the parcel has been redirected to a pick-up point and the address for the pick-up point is shown on the tracking, the address does not have to match the approved shipping address at the checkout. The pick-up point for collection has to be in a radius of 10km of the original shipping address.

Proof of Delivery for on-demand and high frequency Merchants

(i.e. food/grocery delivery, fast-moving delivery services, mobility. Examples of such Merchants and delivery partners include but are not limited to Uber, Getir, TakeAway and alike)

On-demand and high frequency Merchants

The following is required as proof of delivery:

- Date of delivery (YYYY-MM-DD) and delivery status; and
- An address for the recipient showing the city/province, city/country, postal/zip code (or international equivalent), street name & number; and
- Printed full name of person the order is being delivered to and their contact details; and
- Time of delivery (DD-MM-YY HH:MM), and
- Delivery choice (deliver to a person vs deliver at the door/no contact).
- Strongly encouraged - GPS map delivery map OR picture of item(s) delivered at Customers address

IMPORTANT: If you use on-demand delivery services, you will need to provide the above Proof of Delivery to qualify for coverage under the Merchant Protection Program.

Proof of delivery for Intangible Goods

Intangible Goods

The following is required as proof of shipment or delivery for intangible goods:

For intangible or digital goods, proof of delivery means compelling evidence to show the item was delivered or the purchase order was fulfilled. Compelling evidence could include a system of record showing the date (YYYY-MM-DD) the item was sent and that it was either:

- Electronically sent to the recipient, including the recipient's address (email, IP, etc.), where applicable; or
- Received or accessed by the recipient.

The proof of delivery should provide enough details to match it to the order, including showing that the recipient is a match to the shipping information approved at checkout.

The value of gift cards has to be displayed on the proof.

Important Any purchases of services such as beauty treatments, or the purchase of someone's time such as private tuition are not covered by the agreement. Examples of intangible goods covered by the Merchant Protection Program: subscriptions to streaming platforms, online courses, DIY descriptions, gift cards, event purchases such as concert tickets as well as travel purchases* such as flight tickets.

*Only Goods not received and unauthorized purchases are covered by the Merchant Protection Program.

Proof of delivery for 'Part Order Not Received' Claims

Part Order Not Received

The following is required as proof of delivery for Part order not received claims.

For part order not received, proof of delivery means providing a Proof of Delivery [such as the one for a full order](#) as well as **compelling evidence to show all items charged were delivered**.

Compelling evidence could but does not have to include a system of record showing the date (YYYY-MM-DD) the item was sent, or **one** piece of additional evidence such as:

- Weight of each article, matching weight on shipping note.
- CCTV footage / photography of the package showing all articles included in delivery.
- A copy of the conversation with the Customer proving they received the full delivery.
- A delivery note, such as a packing list, specifying the articles included. (Only for non [sensitive goods](#).)
- Proof of fraudulent activity from the Customer.
- Affidavit of the person packing the order, that they included all items

Important: Klarna will decide, in its reasonable discretion, based on evidence provided by the Customer and you, whether we hold the claim of Part Order Not Received to be valid or not. The evidence suggestions above are not mandatory but examples of what could constitute compelling evidence.

Exceptions

Customer Claims will not be eligible for coverage under Klarna's Merchant Protection Program if:

- It involves items equivalent to cash.
- It involves services or private tuition.
- It involves donations.
- It relates to the purchase of a financial product or investment of any kind.
- It relates to purchases with the In-store card.

How to win a case?

After up to 2 contacts with the Merchant, a decision will be made based on evidence provided by both the Customer and Merchant. The Merchant must address the Customer's claim directly and provide evidence to support their response, such as proof of delivery or communication showing the claim is resolved. Details of the requirements can be found above.

For any line with a *, see the section Additional information for more details.

Goods Not Received

Decision in favor of the Customer:

- No Merchant answer within the deadline required
- Merchant has provided no or an invalid Proof of Delivery (e.g. requirements not fulfilled, goods have not been sent yet / still in transit)

Decision in favor of the Merchant:

- Merchant has provided a valid Proof of Delivery matching the requirements in Annex [Establishing valid Proof of Delivery](#)
- Customer refused delivery / did not pick up their order

Faulty Goods

Decision in favor of the Customer:

- No answer received from the Merchant within the deadline required
- Merchant does not provide a prepaid return label for a valid claim
- Merchant does not offer a reasonable solution *
- Merchant cannot solve case within 21 days of first contact

Decision in favor of the Merchant:

- No answer received from the Customer within the required deadline
- Customer's claim does not qualify under Klarna's Buyer's Protection or is otherwise invalid
- Merchant already refunded the order and a return label was already provided

Unauthorized Purchase

Decision in favor of the Customer:

- No (timely) Merchant answer
- Merchant has provided no, or an invalid, Proof of Delivery
- Merchant has provided no or an invalid Proof of Delivery (e.g. requirements not fulfilled, goods have not been sent yet / still in transit)

Decision in favor of the Merchant:

- Merchant has provided a valid Proof of Delivery in a timely manner, and followed the terms of Merchant Protection Program with regards to unauthorized purchase claims

Additional Information

Dropshipping Merchants

Return to China / Return instructions

- Unless a Merchant is providing a prepaid return label, they should have the return address and return process published clearly on their website. If customers have to cover the costs of the return, this must be clearly stated on the website. It is not allowed to have 'email us' or 'fill in this form' without explicitly including the return address.
- Return policies must be compliant with applicable local regulations for consumer protection.

Discounts

- Merchants are not allowed to negotiate discounts during our disputes process when consumers would like to return the goods.

Quality of goods

- At Klarna, faulty goods are items that the Customer received that are faulty and/or significantly deviates from what was advertised. This includes cases where the product's quality is misrepresented in the advertisement or obviously misleading Customers, e.g.
 - The item has visible wear, such as stains or seams coming apart;
 - The product does not work as intended;
 - The color of the item is different from what was purchased;
 - The fabric is different or not as described in the product listing;
 - The size of the item received is different from what was ordered.
- Merchants are accountable to provide prepaid return labels when goods significantly deviate from description.

Empty Boxes

- Empty parcel delivery will generally be decided based on the proof of delivery document. If the POD clearly states damage, empty box or something that would indicate the box became empty during shipment/delivery, it would be decided in favor of the Customer. Otherwise, the decision will be in favor of the Merchant.